



resource generation

Investor update
Sep 2011

ASX: RES
JSE: RSG
ADR: RSGNY

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Information in this presentation that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. Mr Van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Van Wyk consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

ASX/JSE codes: RES / RSG
Shares on issue: 262.9 million
Options on issue: 7.1 million
Market capitalisation: \$130 million
Cash on hand: A\$25 million



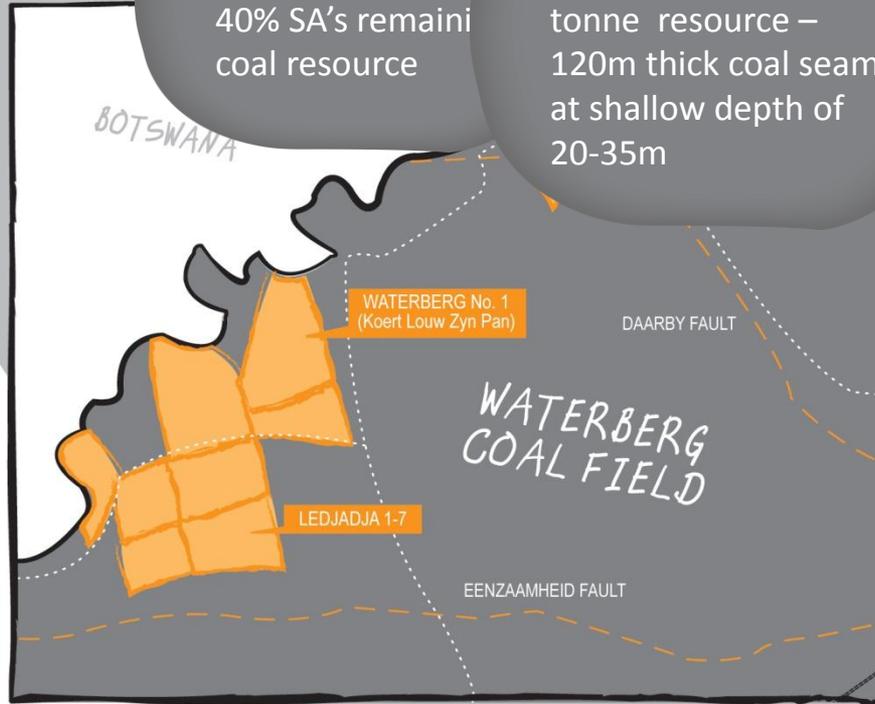
South Africa: the Boikarabelo opportunity



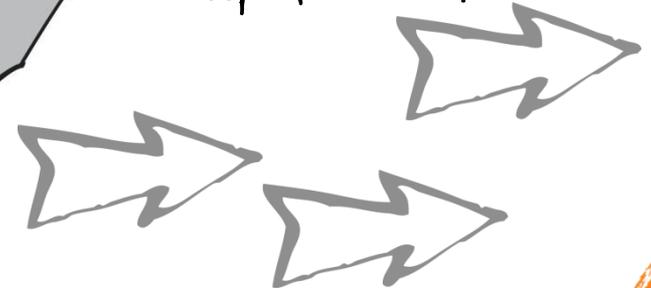
Waterberg Coalfield:
40% SA's remaining coal resource

RES' Boikarabelo mine – major 6.4 billion tonne resource – 120m thick coal seam at shallow depth of 20-35m

Current probable reserve = 745 million tonnes .
Progressing to mine development.



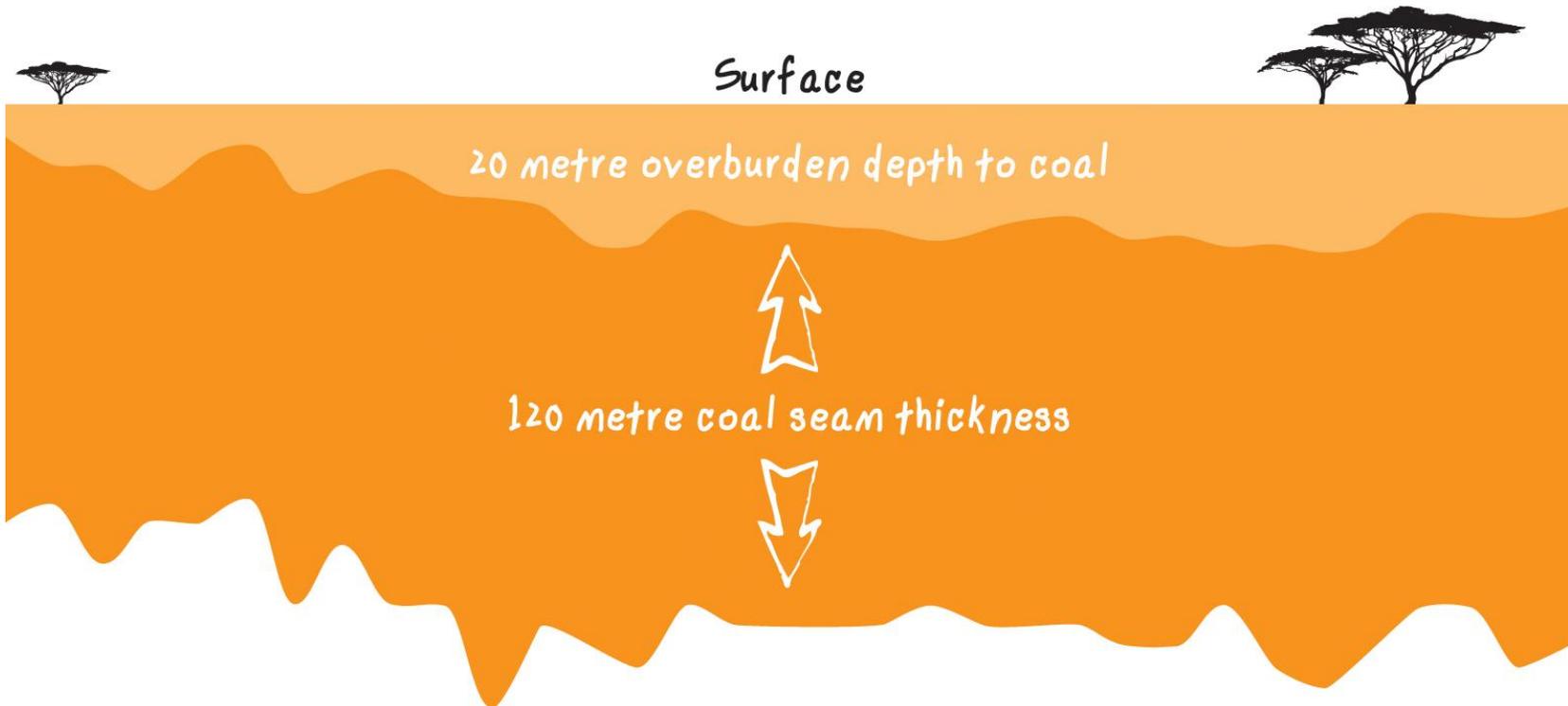
Continuing major steps forward



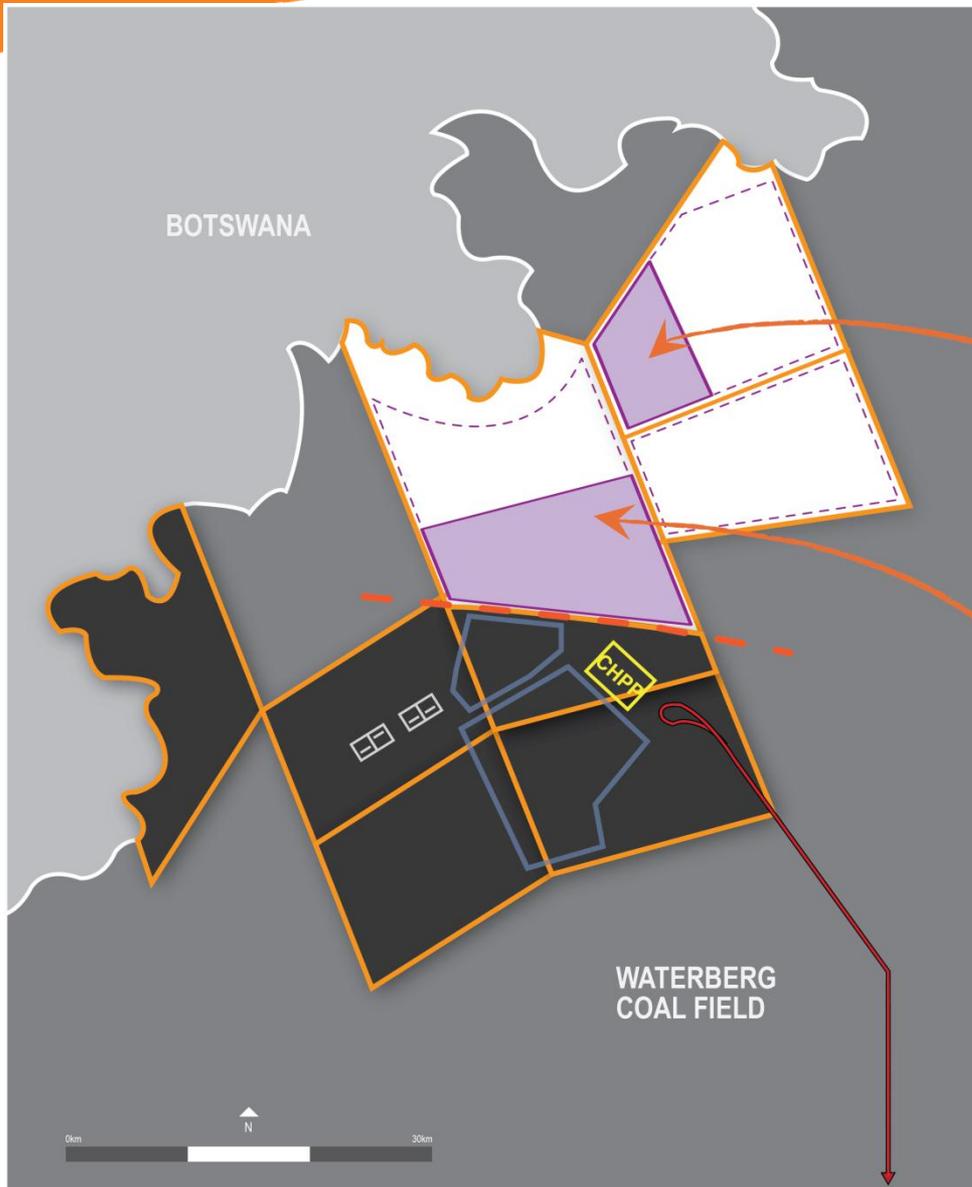
Thick coal seam, minimal overburden



Having secured its approval to mine for a massive, inexpensive to extract resource in South Africa, RES is now progressing to secure funding for mine construction.



Resource & reserve: 6.4 billion tonne resource



745 million tonnes
Probable Reserve

35% of
resource
area

Probable Reserve:
314 million tonnes (43% of area)

Probable Reserve:
431 million tonnes (31% of area)

Mine plan
ensures
bankable
status

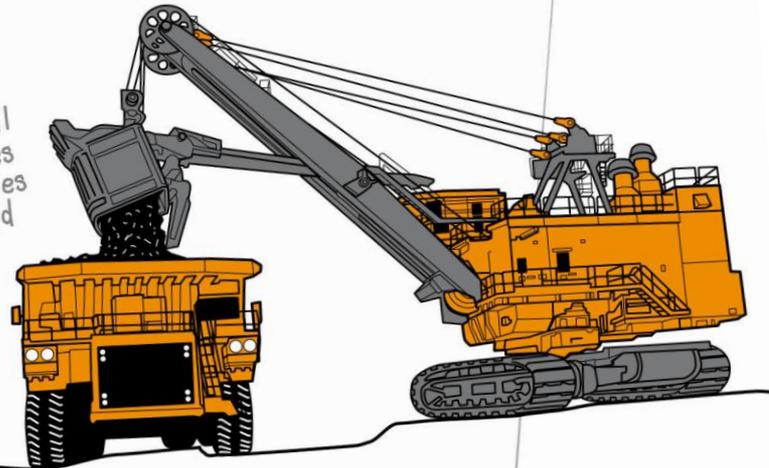


2 STAGE MINE DEVELOPMENT

1 Establish mine based on deliverable sales to both export & domestic markets

2 Expanded operation, fully utilises 1st shovel & truck fleet & introduces 2nd fleet

Key driver - with rail access and upgrades we can optimise sales to both export and domestic mkt

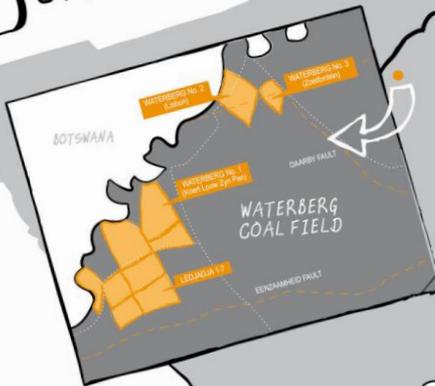


Bankable with funding via debt and equity.

Fundamental markets established

KEY MILESTONES 2011/12

- Mining right issued
- Project funding
- Commence mine construction
- Order mine fleet



Boikarabelo mine
- 6.4 billion tonne resource
120m thick coal seam at shallow depth of 20-35m
745 million tonnes
- current probable reserve
Available access to rail network



30 years +
renewable

Plan to secure project debt first then top up project funding with equity.



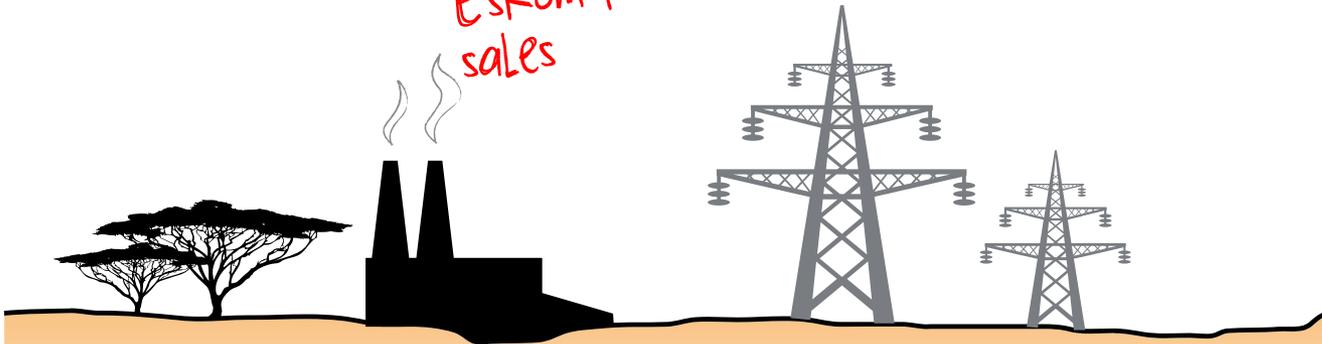
Considerable number of banks comfortable with project & provided preliminary offers for a PFA.

Transnet for rail haulage.



Rail contract
to haul product
to customers

Eskom for domestic
sales



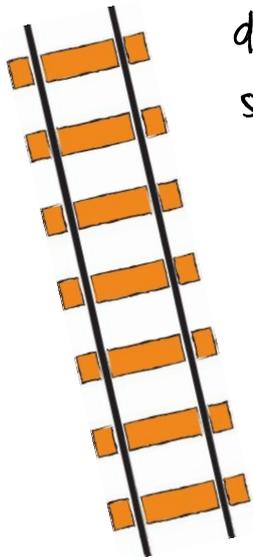
Sales contract
for domestic
saleable
production

Rail system to east coast ports

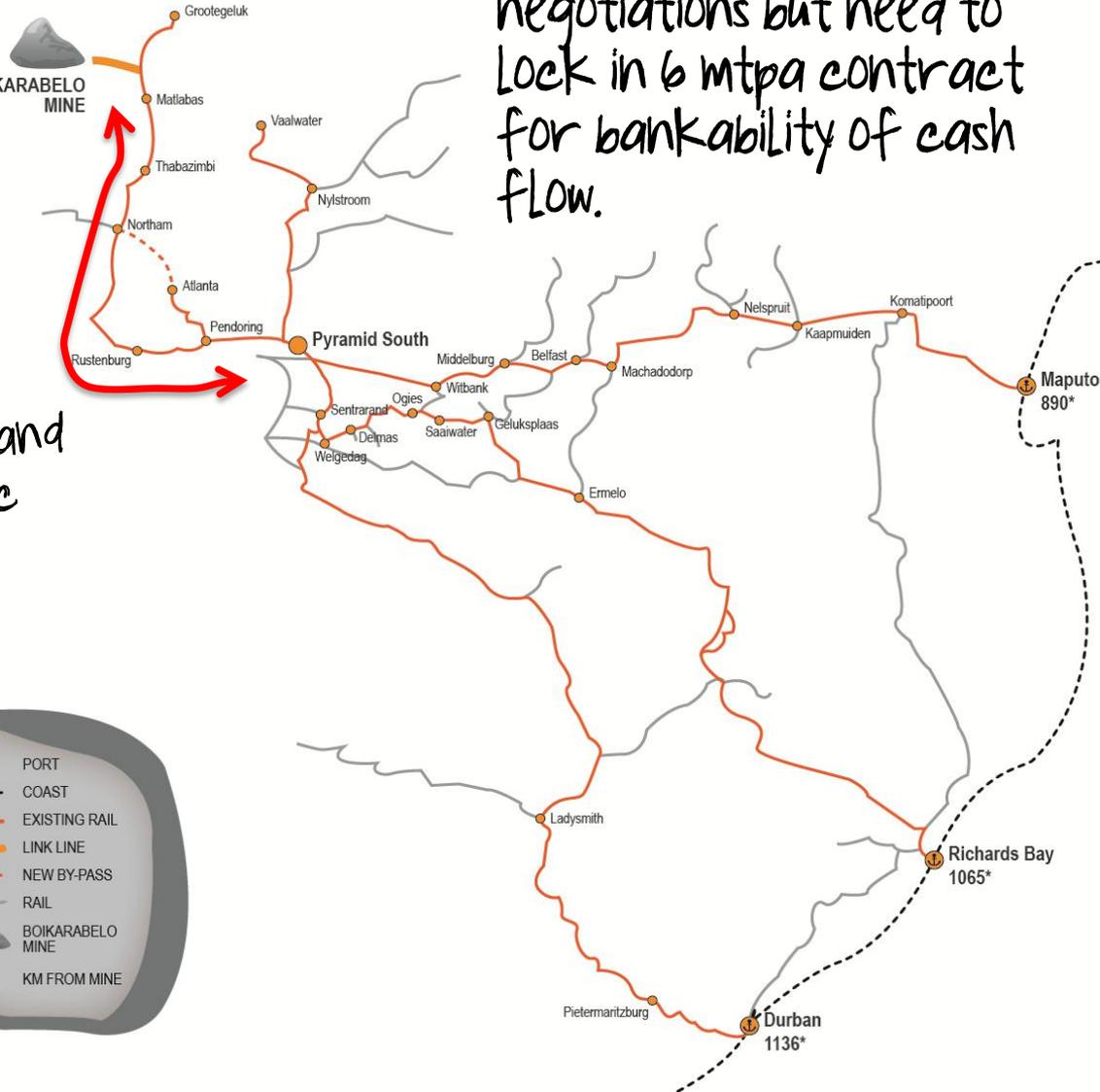


Transnet – positive negotiations but need to lock in 6 mtpa contract for bankability of cash flow.

Minor upgrades identified to ensure stage #1 6mtpa for export and domestic sales



- PORT
- COAST
- EXISTING RAIL
- LINK LINE
- NEW BY-PASS
- RAIL
- BOIKARABELO MINE
- * KM FROM MINE

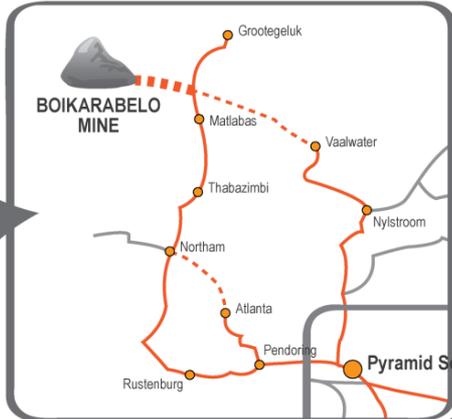


Rail studies: capacity to meet projected production targets

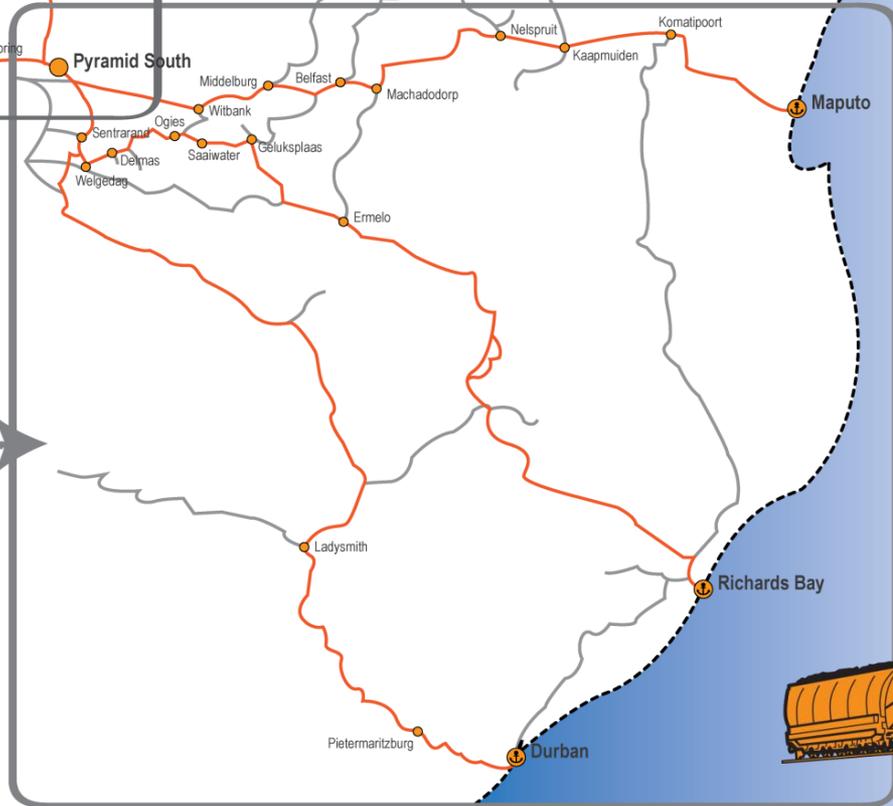


Studies undertaken assessing both rail track infrastructure and capacity as well as additional rolling stock requirements

ROUTES FROM BOIKARABELO MINE TO A COMMON RAILHEAD AT PYRAMID SOUTH



EXPORT CORRIDOR ROUTES FROM PYRAMID SOUTH TO THE PORTS OF MAPUTO, RICHARDS BAY AND DURBAN



26t axle upgrade = 4 stages resulting in capacity of 46mt from Waterberg





When rail and domestic contracts in place will complete funding and start construction

- ### KEY MILESTONES
- Continue mine construction
 - Mine fleet build & delivery



2012/13



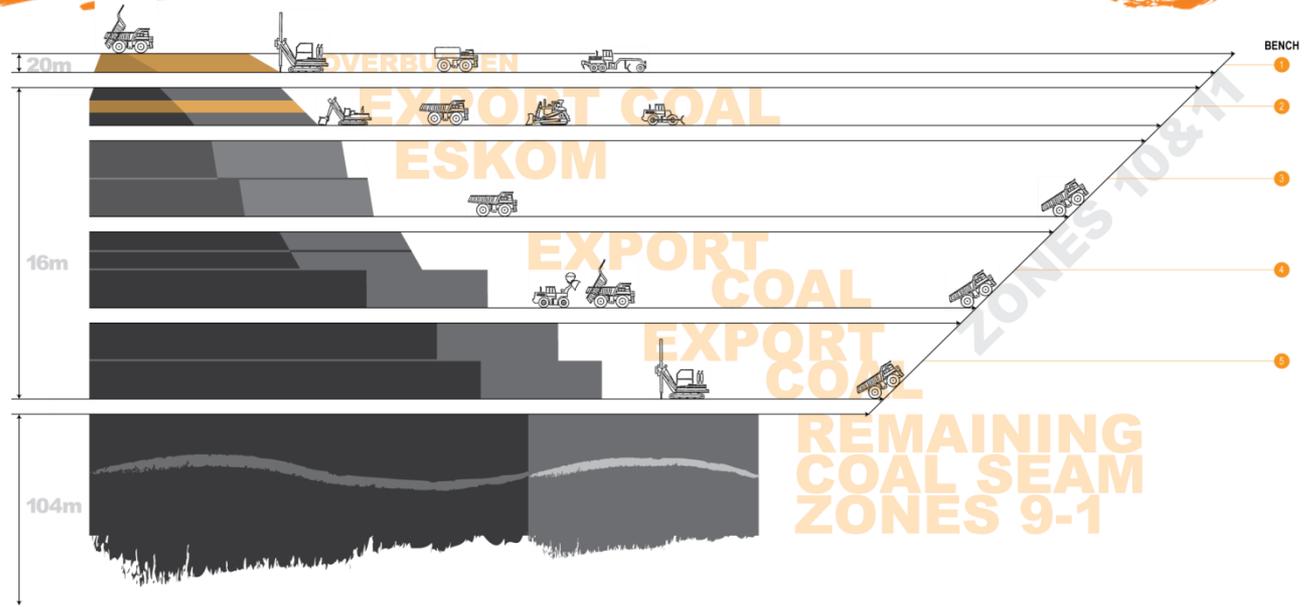
Mine production commences

2014

Operating costs

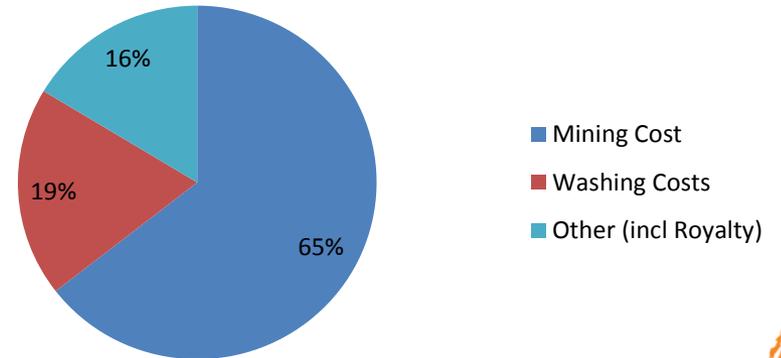
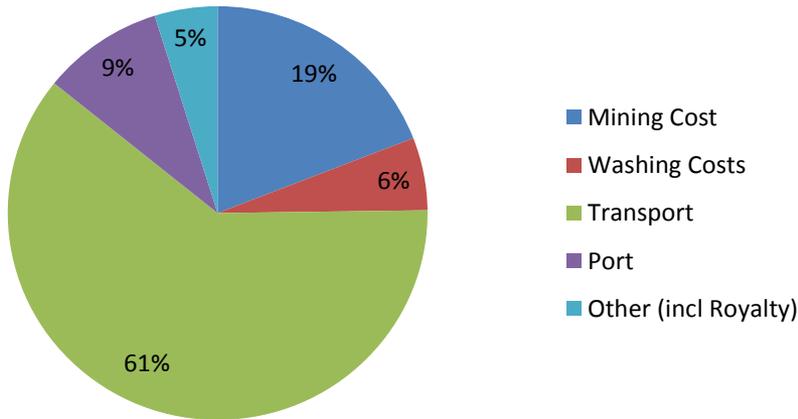


Low cost open cut mining: simple expansion to increase production



LOM Export Cost

LOM Eskom Cost
(distribution on FOT basis)



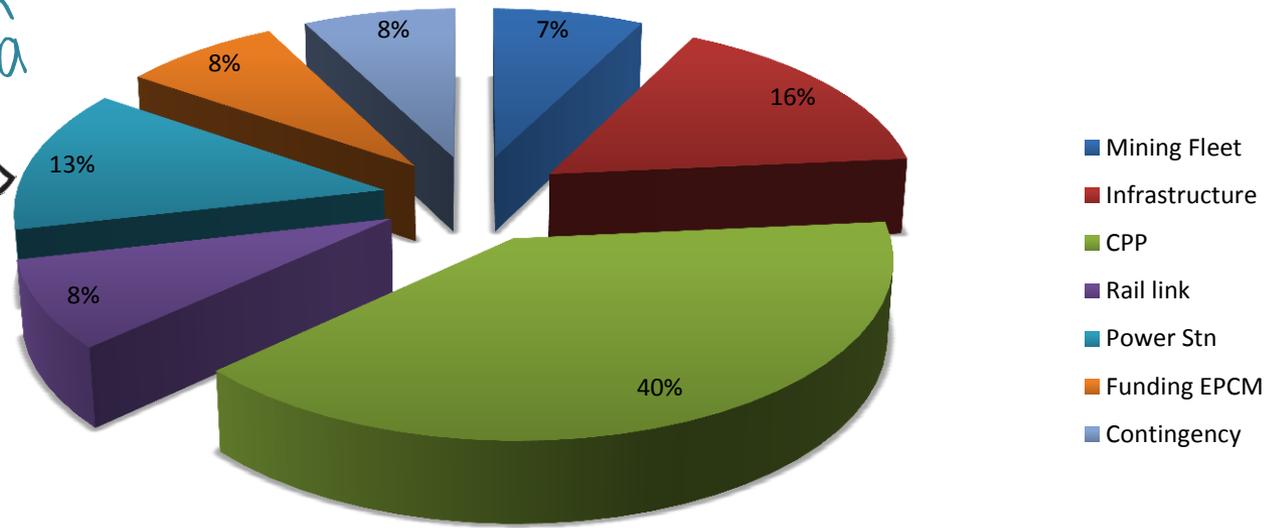
Project capex – final engineering completed



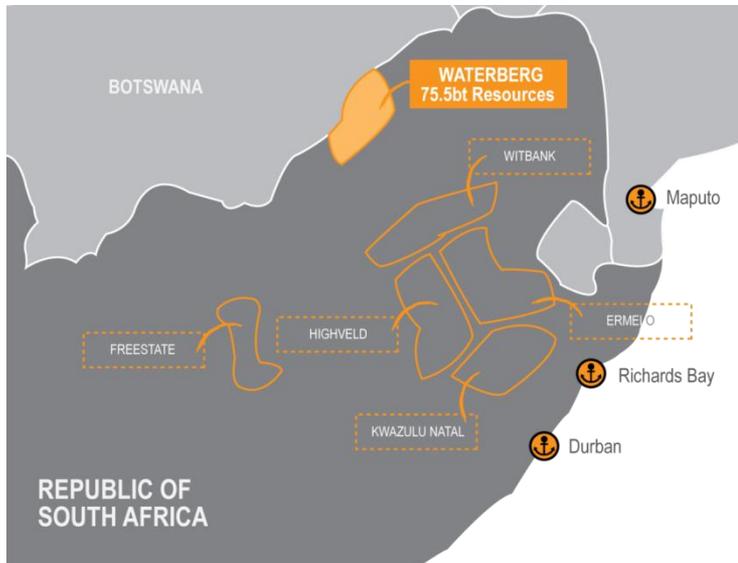
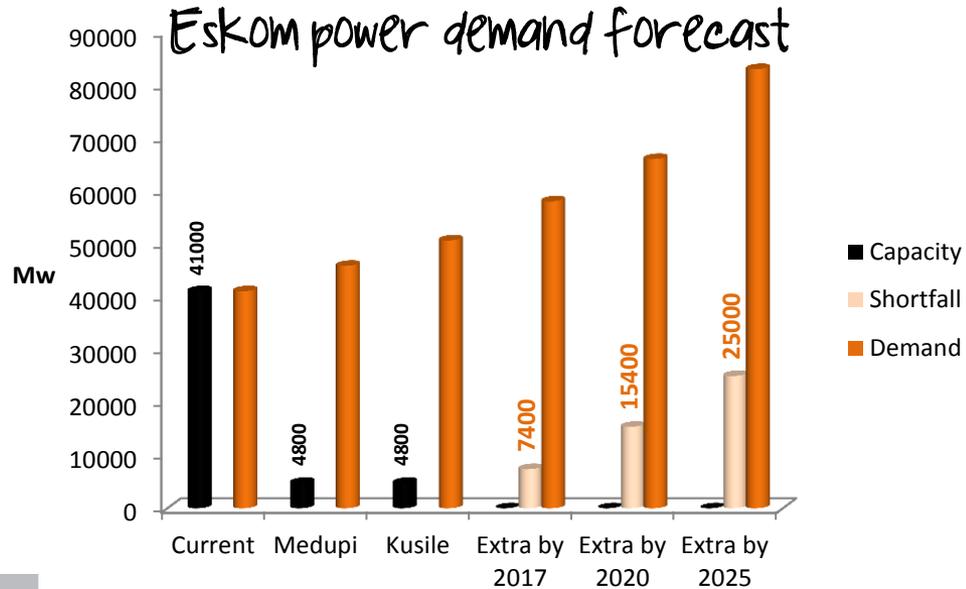
\$750 million
US\$m

Aside from 40MW site based power station numbers firm and include funding and EPCM costs.

Possible to debt fund power stn outside of PFA



Domestic demand – new supply essential

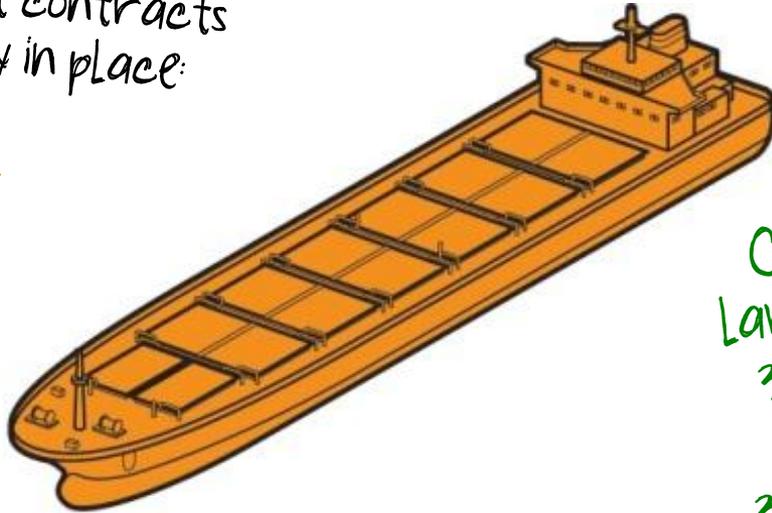


Production from Witbank/Highveld/Ermelo fields stagnating - future supply now considered finite



Waterberg coal field contains viable source of remaining coal = this is where new supply must be sourced

2 Export contracts
already in place:



Strategy to establish 3
- 4 Long term base
contracts that
provide upside
expansion to match
stage 2 production

CESC India's 3rd
largest power utility:
38 year contract:
1 mtpa 1st 3 years,
3 mtpa years 4 - 6*
4 mtpa years 7 - 38*

For example

*dependent on Stage 2 proceeding:
1 mtpa Y4-6
2 mtpa Y7-38

Bhushan Steel: rapidly
expanding Indian company
(\$2billion) expanding into
power generation: 20 year
contract: 0.5mtpa, 20 year
contract, mutual option to
increase.

Production profile

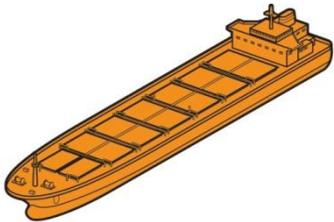


Stage 2 model now underwritten by CESC based on
 2 x 660MW mine based Power Station
 Additional export offtake & rail upgrade:



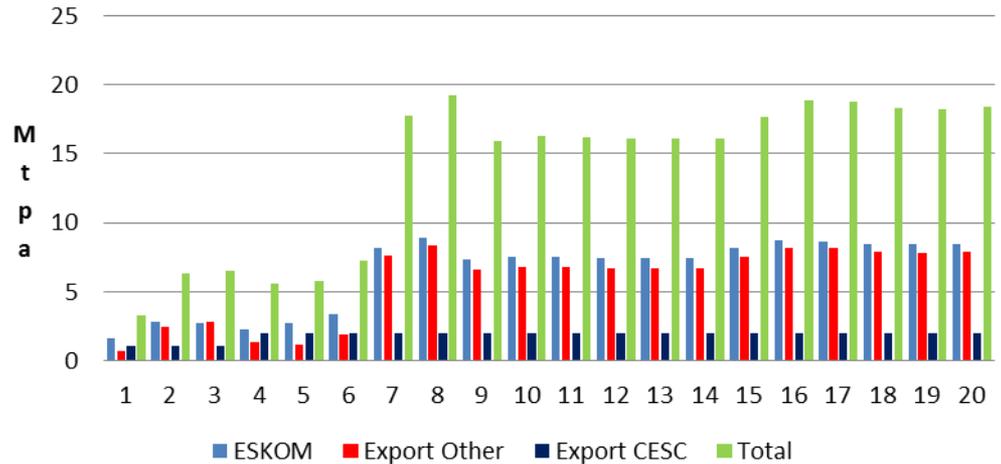
The new IPP underwrites Stage 2 production by utilising additional middlings & unlocking additional export production

Maximises equity return



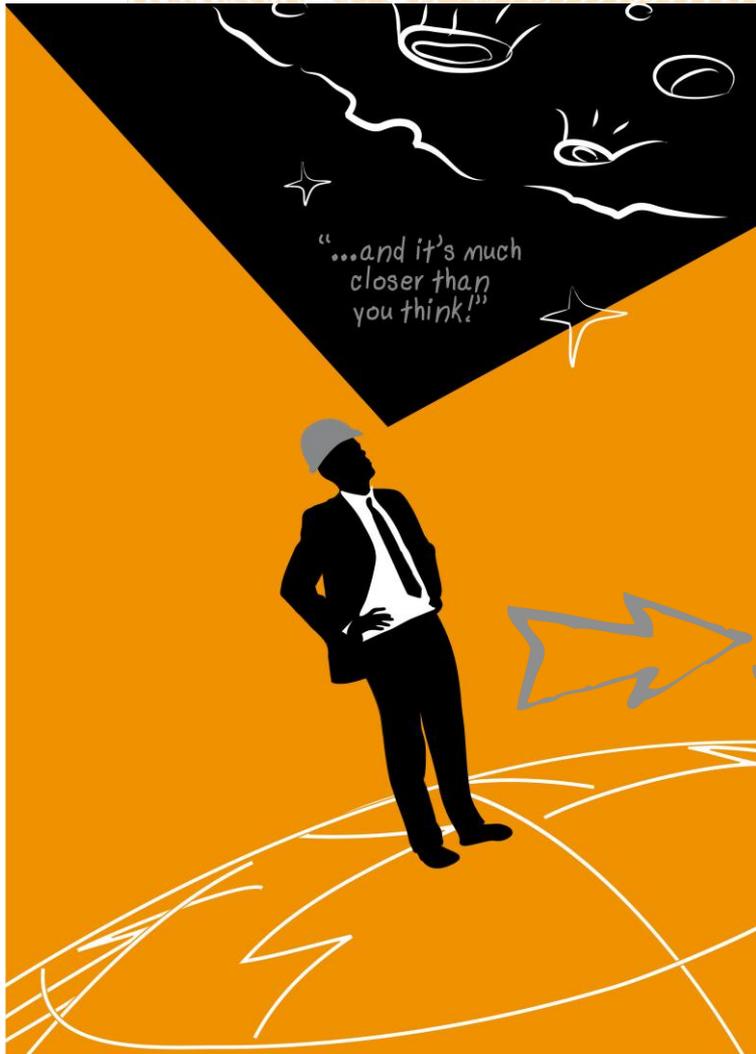
1 x 38 year
 1 x 20 year
 Export contracts in place: CESC India's 3rd Largest power utility; & Bhushan Steel

Sales Tonnage Upside



increased supply to CESC to meet capacity = 3mtpa / 1,000 MW increase.

Thank you



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